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C O N F I D E N T I A L SECTION 01 OF 05 TEGUCIGALPA 000270

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [EAID](#) [SNAR](#) [HO](#)

SUBJECT: WHA ASSISTANT SECRETARY SHANNON'S MARCH 19 VISIT  
TO HONDURAS

REF: A. TEGUCIGALPA 180

[1](#)B. TEGUCIGALPA 128

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Classified By: Ambassador Hugo Llorens, reasons 1.4 (b & d)

[1](#)1. (SBU) Summary: Assistant Secretary of State for Western Hemisphere Affairs Thomas A. Shannon visited Honduras on March 19. He met with Honduran President Manuel "Mel" Zelaya, Foreign Minister Patricia "Paty" Rodas, and the two major-party presidential candidates. President Zelaya praised U.S.-Honduran relations in a lunch meeting with A/S Shannon. A/S Shannon stressed the importance for the region of the upcoming Summit of the Americas, Organization of American States ministerial, and visit to Costa Rica by Vice-President Biden. Zelaya agreed that all were important, but complained that the arrangements for the last had been handled badly; he was noncommittal on his attendance, saying that he would have to wait until he had discussions with other Central American presidents the week of March 23. A/S Shannon asked Zelaya to press the Bolivian government to cease expelling U.S. diplomats, saying that such moves made it difficult for us to seek to create a new relationship with the country. Zelaya said that Honduras would seek to include a short consensual paragraph in the declaration of the OAS ministerial that would abrogate the original 1963 resolution that had resulted in the exclusion of Cuba from the OAS. A/S Shannon questioned whether that would be consistent with the OAS charter. National Party presidential nominee Porfirio "Pepe" Lobo used his meeting to express his suspicions that President Zelaya would use a proposed referendum as a method to extend his time in power. He also reviewed his economic program, which emphasized more investment and job opportunities, especially in rural areas. In a separate meeting, Liberal Party presidential nominee Elvin Santos spoke of his goals to improve governance in Honduras and his plans to deal with the effects of the global economic crises; he too expressed suspicion about Zelaya's referendum plans. At the end of the day, A/S Shannon also held a press conference highlighting U.S. support for Honduran democracy, as well as the benefits from CAFTA and the Merida Initiative. End summary.

12. (C) Assistant Secretary Shannon met first with National Party (NP) presidential nominee Porfirio "Pepe" Lobo and several of his senior core policy advisors. Lobo was accompanied by first vice-president designate and campaign coordinator Maria Antonieta Guillen de Bogran; advisor and former Defense Secretary Fred Breve; and Tegucigalpa mayor Ricardo Alvarez, who was recently elected party President. Shannon began by emphasizing that the United States has always valued Honduras for its tolerance and commitment to democracy. He said these factors ensured that Honduras was a force for stability and a strong partner and ally of the United States. He said he looked to continue an open dialogue and close relationship.

13. (C) Lobo and his advisors conveyed their concerns about President Zelaya, specifically his recent proposal to call for a referendum (fourth urn) in the November elections seeking to modify the constitution's prohibition against presidents seeking a second term. Lobo and his advisors said they opposed the idea noting that the approval of the referendum could open the way for the holding of a constitutional assembly that in some way could be manipulated by Zelaya to hold on to power. Lobo said that he was working closely with Congress President Micheletti and the Liberal Party to block the referendum proposal in Congress. With regards to the upcoming campaign, Lobo stressed that his top priorities were to offer a program to alleviate poverty, and offer effective initiatives to deal with the spiraling crime wave. According to Lobo, the GOH lacks the capacity to combat organized crime and he would welcome all USG assistance and resources in our joint fight against international crime bands. Lobo conveyed the view that organized crime had penetrated key Honduran institutions, and

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was a threat to Honduran democracy and the rule of law. Lobo expressed support for the Merida Initiative and agreed on the need for a comprehensive regional strategy to counter narco-trafficking and organized crime from the U.S. border down to Colombia. He added that Colombian President Alvaro Uribe's recent visit to Honduras and promises of coordination were most welcome and a great start.

14. (C) Lobo's team expressed concerns that the international economic crisis was having a severe impact in Honduras in the way of slower growth, a decline in exports, tighter credit, rising unemployment, and a consequent rise in poverty. Lobo criticized the Zelaya government for not adopting a serious anti-crisis economic program and vowed to make effective economic policy making a key element of his campaign. He said his economic program would emphasize efforts to create more investment and job opportunities in rural areas, as well as to expand public investment throughout the country as the best means to alleviate the unemployment problem. Lobo agreed that the political parties needed to broaden their base and attract more women and young people. He said the National Party had recently inaugurated a Young Leaders School to reach out to young men and women, particularly in the rural areas of Honduras. Lobo proposed a major overhaul of the system modeled on reforms being adopted in Mexico and Brazil where parents receive subsidies in return for their children attending school. Lobo noted that his proposed public works programs would be divested to local municipal governments in order to both increase employment and empower local governance.

15. (C) A/S Shannon and the Ambassador emphasized the importance of offering a positive alternative to the people of Honduras. A/S Shannon reiterated the USG's strong support for the continued advancement of democracy. He said the U.S. was keen on helping the region preserve the important social advances that have been made recently in Latin America. Shannon marked the importance of maintaining these advances even with the current economic crisis, which he expected would get worse before it got better. He said

the five Organization of American States (OAS) members of the G20 would come from London to the Summit of the Americas in April, and would likely look to shore up a regional strategy to counter the global economic crisis. Shannon emphasized that President Obama would also arrive at the Summit to listen and work with OAS member states and start a new relationship.

16. (C) A/S Shannon, the Ambassador and DCM also had a two-hour working lunch with President Zelaya, Foreign Minister Rodas and presidential advisor Enrique Reina at the Residence. Most of the conversation was regional in nature and included discussions of the upcoming Summit of the Americas and OAS General Assemblies. A/S Shannon stressed the importance of both regional meetings, emphasizing that five countries will be at both the G-20 meeting in London and the Summit. He said that the U.S. was looking for ways to lessen the effects of the global recession on Central America and Caribbean nations and added that this was an opportunity for the region to engage with the new administration. Zelaya suggested a regional side meeting at the Summit with President Obama. He stressed that Central American economies needed to be market-based and that only the private sector was in a position to provide the investment levels necessary to create jobs and growth. Nevertheless, Zelaya said governments needed to provide the strategic direction and regulatory framework to ensure that countries had a clear path forward. He said what was needed was capitalism but with a social conscience. He criticized the lack of a social conscience among the region's business class.

17. (C) A/S Shannon briefed Zelaya about the upcoming visit to Costa Rica of Vice President Biden. He encouraged Zelaya to attend the scheduled meeting in San Jose with other Central American Presidents, saying that it was an excellent

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opportunity to have a substantive discussion on key regional issues, including ways to deal with the global economic crisis, an item that would be at the top of the list of Summit issues. Zelaya responded that the scheduled meeting with Vice President Biden had been handled in a very clumsy diplomatic way by the Costa Ricans. He argued that the Costa Ricans had not coordinated this meeting with fellow Central Americans, saying that he had first heard of the planned meeting with the Vice President when he received an invitation from President Arias to attend the session in San Jose. He said Arias should have coordinated the proposed meeting with the current President of SICA who is President Ortega, as well as the other Presidents. A/S Shannon and the Ambassador made a very strong pitch as to why it would be in Zelaya's and Honduras' strongest interest to be in the meeting. Zelaya agreed that the meeting would be an excellent opportunity to begin a strong dialogue with the Obama Administration. However, he said that the way this had been handled had ruffled feathers and that the Central American presidents would have to deal with this issue and try to achieve a consensus in the Central American Integration System (SICA) Summit to be held in Managua on March 25. Zelaya said he did not want to embarrass anyone, least of all Vice President Biden, and said he would do his part to resolve the matter. He told A/S Shannon that he would get back to the Ambassador on the results of the Managua summit, including on whether he would attend the meeting in San Jose, or whether it would be Vice President Tito Mejia.

18. (C) A/S Shannon asked Zelaya to seek a way to pass a private message to the Bolivian government saying that the USG sought to rebuild a new relationship with the country, but that further expulsions of U.S. diplomats would only create more tension. Zelaya agreed to do so, but added that he thought Venezuelan President Hugo Chavez was the key to a solution and urged the USG to seek to improve relations with him. Zelaya added that in all his conversations with Chavez, Chavez had never said that he did not want good relations

with the U.S.

¶9. (C) Zelaya said that the Honduran government was looking forward to hosting a successful OAS Ministerial on June 2 in San Pedro Sula. He said he and the Honduran people were also keen on welcoming Secretary Clinton to San Pedro Sula. Shannon confirmed that Secretary Clinton was planning to attend the event. Zelaya noted that Honduras wanted to avoid polemics and divisiveness in the Ministerial. With regards to Cuba, Zelaya said that Honduras would seek to include a short consensual paragraph in the declaration that would abrogate the original 1963 resolution that had resulted in the exclusion of Cuba from the OAS. Zelaya noted that the GOH had no interest in giving this issue much attention but that there was a growing body of opinion in the hemisphere that this issue needed to be made right. He said that no one would be working to allow Cuba back in the organization and that the Cuban government had expressed to him no/no interest in becoming a member. Shannon questioned the legality of this action and whether it would be consistent with the OAS Charter. Zelaya said he believed it was and that he had coordinated the handling of this issue closely with Secretary General Insulza. Zelaya agreed to pass on a draft of the resolution to us as soon as it was available.

¶10. (C) Zelaya spoke warmly about U.S.-Honduran relations and praised the Ambassador for both his counsel and the fact that he kept differences between the two governments out of the press. He used, as an example, the Ambassador's recent conversations with him on possible relations with Iran (reftel B), where an approach by the Ambassador had resulted in his decision to prevent the Iranian Vice Foreign Minister from visiting the country. On other issues, Zelaya recapped the recent visit of Colombian President Alvaro Uribe (reftel A), describing him as a pragmatic leader who has done much for Colombia. Zelaya said the USG should do all it can to

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support the new administration of Mauricio Funes in El Salvador, saying that Funes and the FMLN had no experience in government and were faced with very difficult political and economic issues. He urged that the USG appoint an ambassador as soon as possible.

¶11. (SBU) Following lunch, Assistant Secretary Shannon met with Liberal Party (LP) presidential nominee Elvin Santos and his policy team at Santos' home. Santos was accompanied by his primary running mate Maria Cristina Handal; and senior advisor Mauricio Villeda, Santos' stand-in during the primaries and son of a former President. Shannon reiterated his appreciation that Honduras was one of the staunchest allies of the United States in the region, and that the country held a unique historical position of stability in the midst of regional turmoil thanks to its adherence to the principles of democracy. He noted the many challenges facing Central America, none greater than the coming effects of the international economic crisis. Shannon hoped that the Summit of the Americas in Port of Spain would be a productive follow-on to the upcoming G-20 meeting, and hoped the United States and Honduras could work together to maintain access to credit for countries like Honduras, especially for money dedicated to vital social programs.

¶12. (SBU) Santos provided Shannon with an overview of his movement's role within the LP, distinguishing himself from current president Zelaya and Zelaya's camp. Santos said his goals were to re-energize the LP with new thinking, and pull it back from those who were "looking backwards" rather than toward the future. Santos, who officially takes over leadership of the LP on April 19, said he was vehemently opposed to the President's efforts to hold a referendum on a constitutional assembly or on a constitutional amendment permitting presidents to serve more than one term. He noted he had spoken openly and firmly against the referendum, not because he denied Honduran citizens the right to make decisions about their government, but because this was a

blatant attempt by the current administration to stay in power. Honduras' long-standing commitment to democracy had only come following an extended and painful history of dictatorship. Santos planned to engage the media, the opposition NP and religious leaders against any move to return to the past.

¶13. (SBU) Santos said he wanted to focus the LP on goals that would genuinely improve governance in Honduras and bring real benefits to its citizens, including decentralization of governmental authority and empowerment of the municipalities; job creation and training; strengthening of infrastructure; and addressing the security crisis. He said the economic crisis would have an immediate effect on remittances sent from the United States, but that the country also faced food, security and environmental crises. He was seeking to create a plan for the country to face these issues through the formation of a social pact between the GOH and all parts of civil society. It was, he noted, "easy to destroy, difficult to build," a jab at the sometimes divisive tactics of the Zelaya administration.

¶14. (U) Santos ended the meeting with the hope that he would be able to arrange a visit to Washington soon, during which he would like to pay a visit on Assistant Secretary Shannon. (Note: We are working on coming up with dates in May. End Note).

¶15. (U) In his press conference following his three meetings, Shannon reiterated the day's themes of Honduran-U.S. relations and Honduras's role in a turbulent region. He highlighted Honduran participation in CAFTA and the Merida Initiative as two positive examples of our close ties. A/S Shannon spoke of our strong commitment to and support for Honduran democracy, defined our official relations as excellent and said that our ties were significantly strengthened by intensity of the people-to-people

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relationship. He noted that there would be three very important summits soon in the region, beginning with the SICA summit in Costa Rica March 30, which Vice President Biden would attend, followed by the Summit of the Americas in April and the June OAS General Assembly in San Pedro Sula, Honduras. Press questions touched on the themes of the new administration's priorities for Latin America; the effects of the global financial crisis on Honduras and Central America; relations with Cuba; and whether the USG saw a leftward-shift in Central America taking place.

¶16. (U) WHA Assistant Secretary Shannon has cleared this message.

LLORENS